POP88144: Economic Inequality and Democracy

Hilary Term 2025
Day and Time: TBD
Room: TBD

Lecturer: Alexander Held
Email: helda@tcd.ie
Office hours: TBD
Office: TBD

This module studies the relationship between economic inequality and democracy. The module will begin by introducing students to the concepts, measurement and historical development of economic inequality in advanced industrial democracies. It will then focus on the role of globalization and technological change as drivers of rising inequality in recent decades and examine the role of public policies in contributing to or dampening income differentials. The third part of the module will consider the relationship between elections and inequality, asking why voters do not consistently punish governments for allowing increasing concentrations of wealth and income "at the top": voter cognition and information about inequality, unequal political participation, and the role of culture and ideology. We will also consider what can be done: what sorts of policy or institutional changes might help reduce economic inequality and how politically feasible these responses might be.

There are two important things to emphasize about the focus of this course. First, the course is focused on inequality *within* the world's *developed democracies*, and thus is not intended to address issues of global inequality. Second, the course is largely oriented around issues of *economic* inequality and their political causes and implications. The course does not deal centrally with other important forms of inequality -- of which there are many, including gender inequality or inequality among ethnic groups. However, in our final session we do consider the intersection of economic and cultural issues in the politics of inequality.

Several readings for this module use quantitative methods. This has not been an issue for students who previously took this module, and we will obviously go over the material together in class. If you have any concerns about this, please reach out to me. You may also take a look at some of the readings (for example, chapters 3 and 5 in Bartels 2016 [week 4] which can be accessed online through TCD Library) to see if you would enjoy reading them.

Learning outcomes
On successful completion of this module students will be able to:

- Describe the historical development of income inequality in advanced industrial democracies
- Understand patterns of income inequality across these countries
- Explain and critically evaluate the major factors leading to rising economic inequality
- Understand the relationship between elections and increasing concentrations of wealth and income "at the top"

- Construct arguments concerning current debates about citizen preferences for redistribution in modern democracies

Assessment

Participation (20%)

Student participation and discussion is a central aspect of the seminar. This means that it is necessary to do the readings. Students should come prepared with topics of discussion and questions. The assessment of participation will be based on the quality of input into class discussions. To prepare for discussion you should: identify the theory or argument of the readings, identify the method used by the authors in the readings to test their arguments, and evaluate the strength of these method for testing the authors' argument; and you should think of possible extensions or alternatives to the arguments put forward in the readings.

Response Papers (20%)

Students are required to submit two response papers. Each paper should be 800 words long and each will be worth 10%. Each paper should be related to a topic covered in the module (weeks 2-5). Students can choose the two weeks (out of four possible weeks) in which they write their response papers but have to submit them through Turnitin on Blackboard **before the start of class** (i.e., by TBD) in these two weeks. Building on the readings from that week, the response papers should discuss a potential research design that improves on this literature. Please do not write a summary of a particular week's readings. Instead, **identify a weakness or limitation in the articles and offer suggestions on how to improve the research**. The critical evaluation may focus on the empirical or theoretical aspects of the readings or both. In these response papers, the student should:

1. Identify a research question.
2. Provide brief theoretical intuitions that generate one or more hypotheses (for this, you are likely to draw on the readings for a given week – there is no need to draw on outside sources).
3. Describe how they would answer that question. What they propose can be ambitious but should also be feasible for the student to execute.

The purpose of the response papers is to begin brainstorming ideas for potential research projects.

Final Paper (60%)

The research paper is due by **TBD**. It should be 2,500 words in length, including footnotes but not the list of references. I have no preference for any particular citation style, but please make sure you use citation procedures consistently throughout. You should double-space the essay and provide the word count at the beginning. The paper should outline a research design for a larger project, be creative, and also feasible for the student to carry out. The paper should follow a clear structure:

1. What is the motivating question?
2. How does the project relate to existing work?
3. What are the hypotheses? These should flow naturally from good theory.
4. What relevant data are available, or could feasibly be collected?
5. What methods would be used to test the hypotheses? This could include any combination

of comparative case studies, interviews, statistical analysis, etc.

Readings
Details of readings for individual topics are given separately. A very useful resource for this module is the following book, which is available online through TCD Library.:

> Bartels, L.M. 2016. *Unequal Democracy: The Political Economy of the New Gilded Age*. Princeton University Press. (I recommend the 2nd edition [available online through TCD Library] but 1st is OK.)

The following items will occur on the reading for specific topics and are of general relevance and usefulness.

> Atkinson, A. B., and Thomas Piketty. 2007. *Top Incomes Over the Twentieth Century*. Oxford University Press. (available online through TCD Library)
> - Provides an overview of the historical development and cross-national variation in income inequality.
>
> Esping-Andersen, Gosta. 1990. *The Three Worlds of Welfare Capitalism.* Cambridge: Polity Press.
> - Distinguishes between three different types of welfare state regimes: liberal, social democratic, and conservative (or Christian Democratic or continental European). A classic.
>
> Hall, Peter A. and David Soskice. 2001. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford University Press.
> - A collection of articles that highlights the fundamental differences between what the editors call two main types of market economies: liberal versus coordinated market economies.
>
> Thelen, Kathleen. 2014. *Varieties of Liberalization and the New Politics of Social Solidarity*. Cambridge University Press.
> - Builds on and critiques Esping-Andersen (1990) and Hall and Soskice (2001).
>
> Evans, Geoffrey, and James Tilley. 2017. *The New Politics of Class. The Political Exclusion of the British Working Class*. Oxford University Press.
> - Argues that Labour's political shift to the centre alienated the British working class from Labour, turning working class people into non-voters and potentially driving some of them to anti-EU and anti-immigration parties such as UKIP.

Academic integrity
Please do not plagiarize. Academic dishonesty is a serious matter, with serious consequences that can result in receiving no credit for an assignment, a failing grade for the module, and even expulsion from the programme. It is never permissible to turn in any work that contains others' ideas without proper acknowledgment. It is your responsibility to make sure that your work meets the standard of academic honesty set forth in the College Calendar (see https://www.tcd.ie/calendar/). Useful information is available at

https://libguides.tcd.ie/academic-integrity/. If you are paraphrasing, cite the source. If you are quoting, use quotation marks and appropriate citation. In addition, we strongly recommend that you visit http://www.plagiarism.org/ for more information on what is and is not plagiarism. Lastly, students are required to only submit "new work" in each module, which means work that has not been submitted previously in any other university module. Students who wish to use previously submitted work as part of a new project will need the approval of the lecturer. The Assignment Submission Form available from the Departmental website (https://www.tcd.ie/Political_Science/assets/word/Plagiarism%20cover%20sheet.docx; see also https://libguides.tcd.ie/academic-integrity/declaration) should be filled out and included as the first page of all your submissions. All written assignments are to be submitted through Turnitin in Blackboard.

Disability policy
Students with a disability are encouraged to register with the Disability Service to seek supports where the disability could affect their ability to participate fully in all aspects of the course.

Course Schedule

PART I: DESCRIBING ECONOMIC INEQUALITY
This module will examine both the causes of rising inequality and its consequences for democratic politics. Part I will begin by unpacking the concept and measurement of economic "inequality" and taking a comparative and historical view of how the distribution of income and wealth has evolved in industrialized countries since the 19th century.

Week 1. Characterizing economic inequality: concepts, measurement, and historical developments

Bartels, *Unequal Democracy,* Postscript, pages 365-366. (Not included in 1st edition; available on Blackboard.)

Atkinson, A. B., and Thomas Piketty. 2007. *Top Incomes Over the Twentieth Century*. Oxford University Press. **Skim chapters 1 and 2. You can skip the mathematical notation and explanation in the text.**

Emmanuel Saez, "Striking it Richer: The Evolution of Top Incomes in the United States" Available at https://eml.berkeley.edu/~saez/saez-UStopincomes-2018.pdf. **Skim the first few pages and focus primarily on pages 5 onwards.**

Smeeding, Timothy. 2006. "Poor People in Rich Nations: The United States in Comparative Perspective." *Journal of Economic Perspectives,* 20(1): 69-90.

Garfinkel, I., Rainwater, L. and Smeeding, T. M. (2006). "A re-examination of welfare states and inequality in rich nations: How in-kind transfers and indirect taxes change the story." *Journal of Policy Analysis and Management*, 25: 897–919.

Further reading (optional):

Explore and play with the data at: http://www.oecd.org/social/inequality.htm

Short pieces:
Cox, W. Michael and Alm, Richard (2008). You Are What You Spend. New York Times. February 10th. http://www.nytimes.com/2008/02/10/opinion/10cox.html

Kenworthy, Lane (2008). Income Inequality, Spending Inequality, Wealth Inequality. Consider the Evidence. https://lanekenworthy.net/2008/02/11/income-inequality-spending-inequality-wealth-inequality/

Kenworthy, Lane (2008). Is the U.S. a High-Inequality Country if Mobility Is Taken into Account? Consider the Evidence. http://tinyurl.com/d88dvo4

Kenworthy, Lane (2008). Can Mobility Offset an Increase in Inequality? Consider the Evidence. http://tinyurl.com/ceaca65

Taking taxes, transfers and mobility into account:
Pontusson, H.J. and Weisstanner, D., 2016. "The political economy of compensatory redistribution: Unemployment, inequality and policy choice." Working Paper. Available at https://archive-ouverte.unige.ch/unige:89284/ATTACHMENT01

Brandolini, Andrea. "Political Economy and the Mechanics of Politics." *Politics & Society*, *38*(2), pp. 212-226.

Bowles, Samuel, and Herbert Gintis. *2002.* "The Inheritance of Inequality." *Journal of Economic Perspectives, 16(3): 3-30.*

Solon, Gary. 2002. "Cross-Country Differences in Intergenerational Earnings Mobility." *Journal of Economic Perspectives*, 16(3): 59-66.

PART II: EXPLAINING ECONOMIC INEQUALITY
Part II will inquire into the role of globalization and technological change as causes of rising inequality in recent decades, and will examine the role of public policy, including tax and social policies, in contributing to or dampening income and wealth differentials.

Week 2. Drivers of inequality: economic structure and change; political choice

Lin, K.H. and Tomaskovic-Devey, D., 2013. Financialization and US income inequality, 1970–2008. *American Journal of Sociology*, *118*(5), pp.1284-1329.

Mahler, V. A. (2004). Economic globalization, domestic politics, and income inequality in the developed countries: A cross-national study. *Comparative Political Studies*, *37*(9), 1025-1053.

Hacker, J.S. and Pierson, P., 2010. Winner-take-all politics: Public policy, political organization, and the precipitous rise of top incomes in the United States. *Politics & Society*, *38*(2), pp.152-204.

Kenworthy, Lane. "Business Political Capacity and the Top-Heavy Rise in Income Inequality: How Large an Impact?" *Politics & Society*, *38*(2), pp.255-265.

Further reading (optional):

Boix, Carles (2010). "Origins and Persistence of Economic Inequality." Annual Review of Political Science. 13:489-516.

Feenstra, Robert C., and Gordon H. Hanson. 1999. "The Impact of Outsourcing and High-Technology Capital on Wages: Estimates for the United States, 1979-1990." *The Quarterly Journal of Economics* 114, no. 3 (1999): 907-40. **Only read the abstract/introduction and the conclusion.** (This article is very technical. There is no need to worry about the statistics in this text.)

Goldin, C. and Katz, L.F., 2007. "The race between education and technology: the evolution of US educational wage differentials, 1890 to 2005" (No. w12984). National Bureau of Economic Research.

Kenworthy, L. and Pontusson, J., 2005. Rising inequality and the politics of redistribution in affluent countries. *Perspectives on Politics*, 3(03), pp.449-471.

Smeeding, T.M., 2002. Globalization, inequality, and the rich countries of the G-20: Evidence from the Luxembourg Income Study (LIS). Available at: https://tinyurl.com/y863vt8z

Pontusson, J.,2013. Unionization, inequality and redistribution. *British Journal of Industrial Relations*, 51 (4), pp. 797-825.

Rueda, David (2008). "Left Government, Policy, and Corporatism: Explaining the Influence of Partisanship on Inequality". *World Politics* 60.3, pp. 349-389.

Week 3. Drivers of inequality: economic institutions

Esping-Andersen, Gosta. 1990. "The Three Political Economies of the Welfare State." *International Journal of Sociology* 20(3): 92-123.

Hall, Peter A. and David Soskice, 2001. "An Introduction to Varieties of Capitalism" in Peter A. Hall and David Soskice, eds. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford University Press), ch. 1. pp. 1-33 and 36-44.

Thelen, K., 2012. "Varieties of capitalism: Trajectories of liberalization and the new politics of social solidarity." *Annual Review of Political Science*, *15*, pp. 137-159.

Further reading (optional):

Wallerstein, M., 1999. Wage-setting institutions and pay inequality in advanced industrial societies. *American Journal of Political Science*, pp.649-680.

Scheve, K. and Stasavage, D., 2009. "Institutions, partisanship, and inequality in the long run." *World Politics*, 61(02), pp.215-253.

PART III: THE INTERACTION OF INEQUALITY AND DEMOCRACY

Part III will consider the relationship between elections and inequality, asking why voters do not consistently punish governments for allowing increasing concentrations of wealth and income "at the top." We will examine how changes in the relative political influence and bargaining leverage of labor (as compared to capital) has affected the distribution of income as well as whether and how inequalities in material resources distort democratic processes, generating inequalities in political influence. We will also consider what can be done: what sorts of policy or institutional changes might help reduce economic inequality and how politically feasible these responses might be.

Week 4. The median-voter model of democracy and its limits; cognition and information about inequality

Kim, James Je Heon. "The Median Voter Theorem." [6:13], available at: https://www.youtube.com/watch?v=cFt0k6n_HKc

Milanovic, Branko. 2000. "The median-voter hypothesis, income inequality, and income redistribution: an empirical test with the required data". *European Journal of Political Economy* 16.3, pp. 367-410.

Bartels, Larry M. 2016. *Unequal Democracy: The Political Economy of the New Gilded Age*. 2nd edition, Princeton University Press. Chapters 3 and 5. (Chapters 4 and 6 in 2008 edition) – **available online through TCD Library**

Jacobs, Alan, J. Scott Matthews, Timothy Hicks, and Eric Merkley. 2021. "Whose News? Class-Biased Economic Reporting in the United States." *American Political Science Review* 115(3):1016-1033.

Further reading (optional):

Meltzer, Allan, and Scott Richard. 1981. "A Rational Theory of the Size of Government." *Journal of Political Economy* 89, no. 5 (October): 914–27. Only read (skim) the abstract, introduction and conclusion.

Milanovic, Branko. 2010. "Four critiques of the redistribution hypothesis: An assessment". *European Journal of Political Economy* 26.1, pp. 147-154.

Bartels, *Unequal Democracy,* Chapter 4. (Chapter 5 in 2008 edition)

Fong, Christina (2001). "Social preferences, self-interest, and the demand for redistribution." *Journal of Public Economics* 82.2, pp. 225-246.

Bonica, Adam, Nolan McCarty, Keith T. Poole and Howard Rosenthal (2013). "Why hasn't democracy slowed inequality?" *Journal of Economic Perspectives,* 27(3), 103-124.

Hicks, Timothy, Alan M. Jacobs, and J. Scott Matthews, "Inequality and Electoral Accountability: Class-Biased Economic Voting in Comparative Perspective," *Journal of Politics,* 78 (4), 1076-1093.

Kenworthy, L. and McCall, L., 2008. "Inequality, public opinion and redistribution." *Socio-Economic Review*, 6(1), pp.35-68.

Lupu, N. and Pontusson, J., 2011. The structure of inequality and the politics of redistribution. *American Political Science Review*, 105(02), pp.316-336.

Rehm, Philipp (2011). "Social Policy by Popular Demand". *World Politics.* 63.02, pp. 271-299.
Osberg, Lars and Timothy Smeeding (2006). "'Fair' Inequality? Attitudes toward Pay Dierentials: The United States in Comparative Perspectives". *American Sociological Review* 71.3, pp. 450-473.

Finseraas, H. (2009), Income Inequality and Demand for Redistribution: A Multilevel Analysis of European Public Opinion. *Scandinavian Political Studies*, 32: 94–119.

Week 5. Material distribution meets culture

Walsh, Katherine Cramer. 2012. "Putting Inequality in Its Place: Rural Consciousness and the Power of Perspective." *American Political Science Review.* 106(3): 517-532.

Daniel Cox, Rachel Lienesch, and Robert P. Jones, 2017. 'Beyond economics: Fears of Cultural Displacement Pushed the White Working Class to Trump.' PRRI/The Atlantic Report.

Ronald Inglehart and Pippa Norris. 2016. 'Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash.' HKS Research Paper.

Oesch, D. 2008. "Explaining Workers' Support for Right-Wing Populist Parties in Western Europe: Evidence from Austria, Belgium, France, Norway, and Switzerland." *International Political Science Review.* 29(3), 349-373.

Further reading (optional):

Eefje Steenvoorden and Eelco Harteveld. 2018. 'The appeal of nostalgia: the influence of societal pessimism on support for populist radical right parties' *West European Politics*, 41:1, 28-52.

Tjitske Akkerman. 2015. 'Immigration policy and electoral competition in Western Europe: A fine grained analysis of party positions over the past two decades.' *Party Politics,* 21(1): 54–67.

Bartels, *Unequal Democracy.* Chapters 5 and 8. (Chapters 6 and 9 in 2008 edition)

Kuziemko, Ilyana, Michael I. Norton, Emmanuel Saez, and Stefanie Stantcheva. 2015. "How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments", *American Economic Review* 105(4): 1478-1508.

Trump, K.S., 2017. Income Inequality Influences Perceptions of Legitimate Income Differences. *British Journal of Political Science*, pp.1-24.

Cruces, G., Perez-Truglia, R., & Tetaz, M. (2013). Biased perceptions of income distribution and preferences for redistribution: Evidence from a survey experiment. *Journal of Public Economics*, *98*, 100-112.

Jost, John T., Mahzarin R. Banaji, and Brian A. Nosek. 2004. "A decade of system justification theory: Accumulated evidence of conscious and unconscious bolstering of the status quo." *Political Psychology* 25 (6):881-919.

Scheve, Kenneth & David Stasavage (2012). "Democracy, War, and Wealth: Lessons from Two Centuries of Inheritance Taxation." *American Political Science Review.* 106(1):81-102.

Gilens, Martin. "Inequality and Democratic Responsiveness," *Public Opinion Quarterly*, Volume 69, Issue 5, 1 January 2005, Pages 778–796.

Page, Benjamin and Martin Gilens (2014). "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens." *Perspectives on Politics* 12(3):564-81.

Brooks, Clem and Jeff Manza (2006b). "Social Policy Responsiveness in Developed Democracies". *American Sociological Review* 71.3, pp. 474-494.

Kenworthy, Lane (2009). "The effect of public opinion on social policy generosity". *Socio-Economic Review* 7.4, pp. 727-740.

Giger, Nathalie, Jan Rosset, and Julian Bernauer (2012). "The Poor Political Representation of the Poor in a Comparative Perspective." *Representation* 48.1, pp. 47-61.

Rueda, David "Insider-Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties." *American Political Science Review* 99(1) (2005), 61-74.

Jusko, Karen. 2017. *Who Speaks for the Poor? Electoral Geography, Party Entry, and Representation,* New York: Cambridge University Press.

Gallego, A. (2010). Understanding unequal turnout: Education and voting in comparative perspective. *Electoral Studies*, *29*(2), 239-248.

Anderson, C.J. and Beramendi, P., 2012. "Left parties, poor voters, and electoral participation in advanced industrial societies." *Comparative Political Studies*, *45*(6), pp.714-746.

De La O, Ana L. and Jonathan A. Rodden (2008). "Does Religion Distract the Poor?" *Comparative Political Studies* 41.4-5, pp. 437-476.

Further reading that is not linked to any specific week (optional):

Schlozman, K. L., Brady, H. E., & Verba, S. (1997). The big tilt. *The American Prospect*, *8*(32).

Solt, F. (2008) "Economic Inequality and Democratic Political Engagement." *American Journal of Political Science*. 52: 48–60.

Franko, W.W., Kelly, N.J. and Witko, C., 2016. "Class bias in voter turnout, representation, and income inequality." *Perspectives on Politics*, *14*(2), pp.351-368.

Pontusson, J. and Rueda, D., 2010. The politics of inequality: Voter mobilization and left parties in advanced industrial states. *Comparative Political Studies*, 43(6), pp.675-705.

Evans, Geoffrey, and James Tilley. 2017. *The New Politics of Class. The Political Exclusion of the British Working Class*. Oxford University Press.

Frank, Thomas (2005). *What's the Matter with Kansas? How Conservatives Won the Heart of America.* Holt McDougal, Intro and Chapter 1.

Bartels, L.M. 2006. "What's the Matter with What's the Matter with Kansas?" *Quarterly Journal of Political Science,* 1(2): pp. 201-226.

Kriesi, H., Grande, E., Lachat, R., Dolezal, M., Bornschier, S., & Frey, T. (2006). "Globalization and the transformation of the national political space: Six European countries compared." *European Journal of Political Research*. *45*(6): 921-956.

Gelman, Andrew et al. (2007). "Red State, Blue State, Rich State, Poor State: What's the Matter with Connecticut" *Quarterly Journal of Political Science* 2(4): pp. 345-367.

